

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, JANUARY 10, 2019**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

Edds, Steve; Chairman
Goodwin, Aubrey Leigh, Deputy Director, MS Department of Finance & Administration,
Representing Executive Director Laura Jackson
Jackson, Laura; Executive Director, MS Department of Finance and Administration
Kelsey, Christina; Representing Insurance Commissioner Mike Chaney
Schmidt, Anthony; Representing Public Safety Commissioner Marshall Fisher
Williams, Michelle, Chief of Staff; Representing State Treasurer Lynn Fitch
Whitley, Onetta; Deputy Attorney General, Representing Attorney General Jim Hood

Also present were:

Buford, David; Institutions of Higher Learning
Burkhalter, Chris; The Burkhalter Group
Donaldson, Bruce; Tort Claims Board
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Smith, Dan; Attorney General's Office
Wells, Lisa; Cannon Cochran Management Services Inc.
Wilson, Jeff; Trinity Capital

The Chairman called the meeting to order.

Motion was made by Mrs. Williams to approve the minutes of the November 8, 2018, meeting. Mrs. Goodwin seconded the motion, which passed unanimously.

There was no Old Business.

In New Business, Mrs. McElroy presented a recommendation for approval of a contract with Tim Farley and Farley Management, Inc. for an independent audit of our liability claim files, tentatively scheduled for March 19-21, 2019. The last claims audit was conducted in March 2017, and it is Board policy to conduct such an audit every two years. The price is a flat fee of \$9,000, and has not changed since 2014. Mrs. Williams made a motion to approve the contract, seconded by Mrs. Kelsey, and approved. Mrs. McElroy also presented a legislative

update which, at the time, showed no legislation introduced for the Tort Claims Act as of day 3 of the Session.

Mr. Logan presented the final report for fiscal year 2019 through December 31, 2018. We have received \$2.5 million in assessments, which is just over 50% of the total. Expenditures to-date are \$2.6 million. Total funds, including investments, are at \$15 million. Reserves are \$6.4 million, leaving unencumbered funds at \$8.6 million. We paid \$848,000 in claim payments and \$417,000 in legal expenses. Looking at the Budget Comparison Report, we have spent roughly 30% of our total budget appropriation at the half-way point of the fiscal year.

[Mrs. Jackson entered the meeting during Mr. Wilson's report.]

Mr. Wilson presented the investment report through December 2018. The portfolio has a book value of just under \$12.4 million, with a market value of just over \$12.2 million, and this is the smallest gap between these two that we've seen in a while. For the calendar year, the internal rate of return is just over 2%. Interest earnings for the calendar year are just over \$250,000, a little better than projected. The weighted average life of the portfolio is approximately 2.5 years, and because there are no plans to withdraw funds from the portfolio, as bonds come due, Jeff is pushing that out further. Looking at the Performance Report, we did have a gain of just over \$250,000 for the calendar year. Comparing our performance to the Index, we are about 50 basis points behind on internal rate of return, but we blew it out on total return.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting, noting the upcoming Dixie National Rodeo, February 7-13.

There was no Attorney General's Report.

Mrs. McElroy presented a list of 18 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mrs. Goodwin made a motion to approve the list and Mrs. Williams seconded the motion, which passed by unanimous vote.


There was no Claims Report.

There being no further business to come before the Board, the meeting was adjourned.




STEVE EDDS, CHAIRMAN


MIKE CHANEY, BOARD MEMBER


MARSHALL FISHER, BOARD MEMBER


for LYNN FITCH, BOARD MEMBER


for JIM HOOD, BOARD MEMBER


LAURA D. JACKSON, BOARD MEMBER

GARY RIKARD, BOARD MEMBER

Mississippi Tort Claims Board
January 10, 2019 - 1:30pm
Conference Center North, Room 138
First Floor, Woolfolk Building
Jackson, Mississippi

ATTENDANCE LIST

<u>NAME</u>	<u>DEPARTMENT/COMPANY</u>
Jim Logan	TCB
CHAS BURKHALTER	The Burkhalter Group
Jeff Wilson	Trinity Capital
David Buford	IHL
LEA ANN McELROY	TCB
Steven Milner	TCB
Dan Smith	AG
Bob	TCB
Chris White	AC
Sam Webb	CCMSI
Steve Epple	Bulter Snow
Sam Kelly	TORT
Anthony	DPS
Chris	MID
Michelle Will	OST
Aubrey Leigh Lovelace	DFA

Mississippi Tort Claims Board
Thursday, January 10, 2019 – 1:30 P.M.

AGENDA

- I.** Approval of Minutes
 - A. November 8, 2018

- II.** Old Business

- III.** New Business
 - A. Claims Audit Contract – Tim Farley & Farley Management, Inc.
 - B. Legislative Update

- IV.** Financial Reports
 - A. Financial Report – Jim Logan
 - B. Investment Report – Jeff Wilson

- V.** Loss Control – Steve Milner

- VI.** Attorney General’s Report – Lea Ann McElroy

- VII.** Certificates of Coverage – Lea Ann McElroy

- VIII.** Claims Report – Bruce Donaldson

- IX.** Adjournment

Next meeting date and time: March 14, 2019 – 1:30 P.M.
Meeting location: Suite 138, Conference Center North, Woolfolk Building, Jackson, MS

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, NOVEMBER 8, 2018**

The Mississippi Tort Claims Board (Board) meeting was held at 2:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

Edds, Steve; Chairman
Goodwin, Aubrey Leigh, Deputy Director, MS Department of Finance & Administration,
Representing Executive Director Laura Jackson
Kelsey, Christina; Representing Insurance Commissioner Mike Chaney
Schmidt, Anthony; Representing Public Safety Commissioner Marshall Fisher
Williams, Michelle, Chief of Staff; Representing State Treasurer Lynn Fitch

Also present were:

Donaldson, Bruce; Tort Claims Board
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Rayburn, Amanda; Cannon Cochran Management Services Inc.
Smith, Dan; Attorney General's Office
Wilson, Jeff; Trinity Capital

The Chairman called the meeting to order.

Motion was made by Mrs. Williams to approve the minutes of the September 13, 2018, meeting. Mrs. Kelsey seconded the motion, which passed unanimously.

There was no Old Business.

In New Business, Mrs. McElroy presented the 2019 schedule of Board meeting dates.

Mr. Logan presented the final report for fiscal year 2019 through October 31, 2018. We have received just over \$2.4 million in assessments, which is about 50% of the total assessment. Expenditures to-date are just over \$2 million. Total funds, including investments, are at \$15.2 million. Reserves are \$6.8 million, leaving unencumbered funds at \$8.4 million. We paid \$736,000 in claim payments and \$274,000 in legal expenses. Mr. Logan advised that the Average Claim Paid for the period is just over \$3,000 and Average Reserve is staying around \$12,000. Looking at the Budget Comparison Report, we have spent 20% of our total budget appropriation and we are one-third of the way through the fiscal year.

Mr. Wilson presented the investment report through October 2018. The portfolio has a book value of \$12.3 million, with a market value of just under \$12.0 million, which is about where it's been all calendar year. For the calendar year, the internal rate of return is at 1.8%, the book yield is at 2.3%, and the market yield is just over 3.0%. The weighted average life has been extended out a bit to approximately 3 years. Interest earnings for the calendar year are just under \$200,000, and we can anticipate that number to be around \$225,000-\$230,000 by the end of the year.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting, noting his 14 days of Mississippi State Fair duty with zero known claims and his Defensive Driving classes.

There was no Attorney General's Report.

Mrs. McElroy presented a list of 38 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mrs. Goodwin made a motion to approve the list and Mrs. Williams seconded the motion, which passed by unanimous vote.

For the Claims Report, Mr. Donaldson provided a brief update on the status of the case of Shirley Harris vs. Mississippi Department of Public Safety and Trooper Zemek.

There being no further business to come before the Board, the meeting was adjourned.



STEVE EDDS, CHAIRMAN



MIKE CHANEY, BOARD MEMBER



LYNN FITCH, BOARD MEMBER



JIM HOOD, BOARD MEMBER

Laura D. Jackson By: Aubrey L. Gooch
LAURA D. JACKSON, BOARD MEMBER

GARY RIKARD, BOARD MEMBER

By: Marshall Fisher
MARSHALL FISHER, BOARD MEMBER
By: Anthony Schmidt



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
STEPHEN C. EDDS, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
MARSHALL L. FISHER, Commissioner
Department of Public Safety
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
LAURA D. JACKSON, Executive Director
Department of Finance and Administration
GARY RIKARD, Executive Director
Department of Environmental Quality

MEMORANDUM

TO: MS Tort Claims Board
FROM: Lea Ann McElroy
DATE: January 10, 2019
RE: Claims Audit Contract

RECOMMENDATION: Staff recommends approval of contract as noted.

Tim Farley & Farley Management, Inc. (FMI) – This contract is for an independent audit of our liability claim files tentatively scheduled for March 19-21, 2019. The audit will include a review of approximately 50 claims (based on an estimated 200 open claims) handled by our Third Party Administrator, as well as 15-20 minor property damage/glass claims handled in-house by Tort Claims staff. Mr. Farley will review file content, conduct personal interviews, and submit written findings within two weeks of his on-site review. The audit will analyze staffing adequacy, case reserve accuracy, thoroughness of claims investigation, payment/settlement reasonableness, claim handling documentation clarity, timeliness and thoroughness of status reports from CCMSI, litigation management, diary maintenance, effectiveness of supervision, and timeliness of excess reporting. The cost of this contract is a flat fee of \$9,000 which includes all necessary expenses.

Our last Claims Audit was conducted in March, 2017, and it is Board policy to conduct such an audit every two years.

MISSISSIPPI TORT CLAIMS BOARD
Combined Financial Report - Fiscal Year 2019
Fund 3308100000

-----CASH FLOW ANALYSIS-----

	November	December	Year-To-Date
REVENUE:			
Assessments Received	112,661.20	48,936.75	2,583,166.30
Interest	5,235.37	5,256.99	16,739.87
Investment Interest	23,170.29	34,588.49	133,122.85
Refunds	0.00	0.00	200.00
Transfer In Funds	0.00	250,000.00	1,000,000.00
Total Revenue	\$ 141,066.86	\$ 338,782.23	\$ 3,733,229.02
EXPENSES:			
Claim Losses - TCB and TPA	60,832.18	51,381.89	848,586.77
Legal Expenses - TCB and TPA	54,359.57	89,056.19	417,181.48
Other Expenses - TCB and TPA	760.45	249.00	4,121.75
Administrative Expenses Paid	47,678.68	47,055.21	389,697.93
Transfer of Funds - Out	0.00	250,000.00	1,000,000.00
Total Expenses	\$ 163,630.88	\$ 437,742.29	\$ 2,659,587.93
FUNDS ON HAND:			
Beginning Balance	\$ 15,223,652.40	\$ 15,201,088.38	
Revenue	141,066.86	338,782.23	
Expenses	(163,630.88)	(437,742.29)	
Adjustments	0.00	0.00	
Total Funds	\$ 15,201,088.38	\$ 15,102,128.32	
Cash in Treasury	\$ 2,773,825.88	\$ 2,439,537.26	
Investment in Treasury	\$ 12,329,941.97	\$ 12,364,530.46	
TPA Trustmark Bank Balance	97,320.53	298,060.60	
Total Funds By Account	\$ 15,201,088.38	\$ 15,102,128.32	
Less Reserves	\$ 6,371,680.00	\$ 6,444,155.70	
Unencumbered Funds Available	\$ 8,829,408.38	\$ 8,657,972.62	

-----CLAIMS/RESERVES DETAIL (Year-To-Date)-----

	Tort Board	Mgt. Services	TOTAL
Claims - Payments	\$ 70,515.55	\$ 778,071.22	\$ 848,586.77
Claims - Legal Expenses	401,619.42	15,562.06	417,181.48
Claims - Other Expenses	-	4,121.75	4,121.75
Total Paid Out to Date	\$ 472,134.97	\$ 797,755.03	\$ 1,269,890.00
OUTSTANDING RESERVES	465,570.45	5,978,585.25	6,444,155.70
Total Claims & Reserves	\$ 937,705.42	\$ 6,776,340.28	7,714,045.70
Number of Claims Created	278	176	454
Number of Claims Paid	169	155	324
Total Open Claims	190	323	513
AVG. CLAIM \$ / # CLAIMS PAID	\$417.25	\$5,019.81	\$ 2,619.09
AVG. RESERVE / OPEN CLAIMS	\$2,450.37	\$18,509.55	\$ 12,561.71

NOTE: Information represents combined operations for Treasury Fund 3080 and the Trustmark account (utilized by CCMSI).

MISSISSIPPI TORT CLAIMS BOARD

Budget Comparison Report

Treasury Fund 3308100000

Fiscal Year 2019

Expenses:	Total Budget	November 2018	December 2018	Year To Date Expenditures	Ending Balance	Percent Expended
A1-Salaries	\$ 565,028.00	\$ 46,446.87	\$ 46,544.63	\$ 279,646.16	\$ 285,381.84	49.49%
A2-Travel	4,000.00	0.00	0.00	1,441.80	2,558.20	36.05%
B-Contractual	1,650,000.00	55,012.65	89,299.99	507,388.95	1,142,611.05	30.75%
C-Commodities	7,000.00	574.58	261.53	2,760.49	4,239.51	39.44%
D2-Capital Outlay	2,000.00	0.00	0.00	0.00	2,000.00	0.00%
E-Subsidies	4,300,000.00	16,854.09	252,361.88	1,070,515.55	3,229,484.45	24.90%
SUBTOTAL	<u>\$ 6,528,028.00</u>	<u>\$ 118,888.19</u>	<u>\$ 388,468.03</u>	<u>\$ 1,861,752.95</u>	<u>\$ 4,666,275.05</u>	<u>28.52%</u>
TPA Expended		<u>44,742.69</u>	<u>49,274.26</u>	<u>797,834.98</u>		
TOTAL Expended		<u>\$ 163,630.88</u>	<u>\$ 437,742.29</u>	<u>\$ 2,659,587.93</u>		

TRINITY

TRINITY CAPITAL INVESTORS

November 1, 2018

Ms. Lea Ann McElroy
Mississippi Tort Claims Board
P O Box 267
Jackson, MS 39205-0267

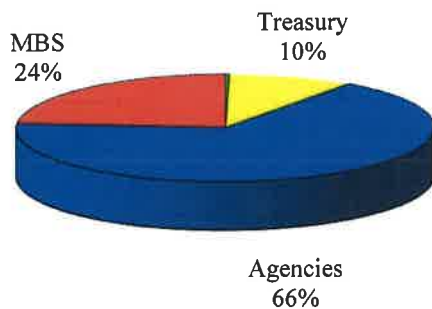
Re: December 2018 Portfolio Highlights

Total Portfolio	Book Value	\$12,395,335
	Market Value	\$12,212,446
2018 Internal Rate of Return		2.15%
Current Portfolio Book Yield		2.45%
Market Yield		2.99%
Weighted Average Life		Approximately 2.5 years
YTD 2018 Earnings		256,428
Accrued Interest		41,316

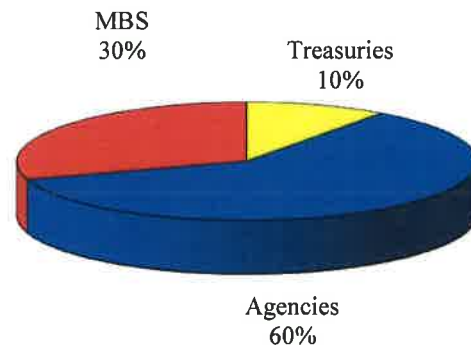
Portfolio Composition
December 2018

Security Type	Current 12/31/2018	Current Mix	Goal 6/30/2019	Goal Mix
Cash/ Liquidity	35	0%	0	0%
US Treasury	1,200	10%	1,245	10%
Agencies	8,166	66%	7,470	60%
Bullet Maturities	750	9%	1,494	20%
Callables	7,416	91%	5,976	80%
Floater	0	0%	0	0%
MBS	2,899	24%	3,735	30%
Floater	972	34%	1,868	50%
CMO	1,927	66%	1,868	50%
Pass Through	p	0%	0	0%
Municipals	0	0%	0	0%
Taxable		0%	0	100%
Tax Free		0%	0	0%
TOTAL	12,300	100%	12,450	100%

**Security by Type
(Actual)**

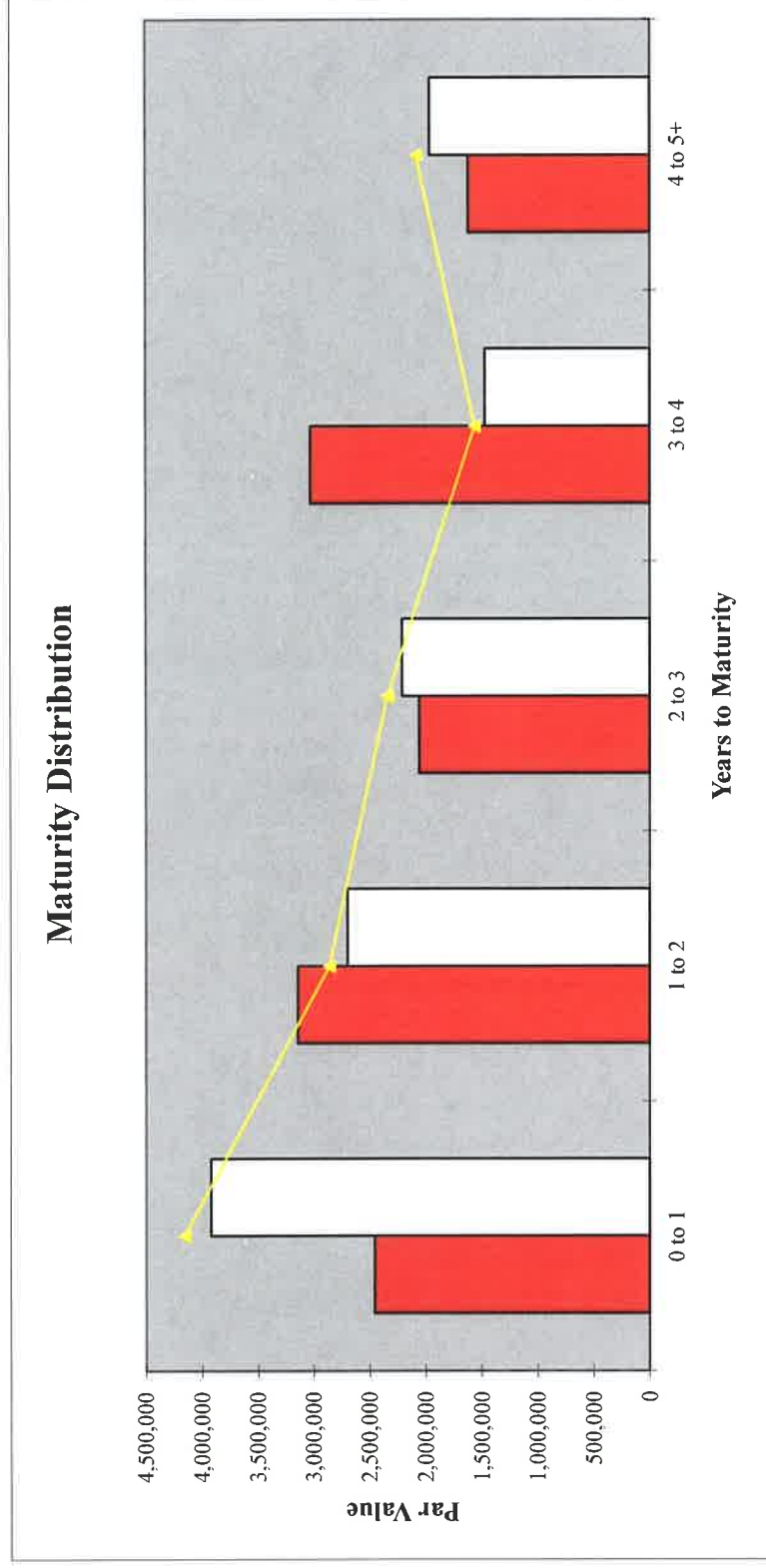


**Security by Type
(Goal)**



Maturity Distribution
September 2018

Years to Maturity	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5+	TOTAL	WAL
Actual Par Value	2,457,807	3,143,320	2,055,007	3,026,713	1,617,605	12,300,452	2.42
Target Value June '19	3,923,200	2,697,200	2,206,800	1,471,200	1,961,600	12,260,000	2.16
Claims & IBNR a/o June '17	4,160,000	2,860,000	2,340,000	1,560,000	2,080,000	13,000,000	2.16



PERFORMANCE REPORT
State of Mississippi Tort Claims

YTD 2018
December 2018

Portfolio Market Value December 31, 2017	11,984,100
Contributions	
Withdrawals	
Realized Gains	
Unrealized Gains	-182,889
Interest / Dividends	256,428
Portfolio Market Value December 31, 2018	12,212,446
accrued interest	41,316
Average Capital	12,241,443
Total Gain	256,428
YTD 2018 IRR	2.15% *
YTD 2018 Total Return	2.50%
Current Portfolio Yield	2.45%

Investment Performance Comparison

	IRR	TRA
Account	2.150%	2.50%
Custom Index	2.63%	1.28%

* weighted average life = approximately 2.4 years

Trinity Capital Investors



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
STEPHEN C. EDDS, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
MARSHALL L. FISHER, Commissioner
Department of Public Safety
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
LAURA D. JACKSON, Executive Director
Department of Finance and Administration
GARY RIKARD, Executive Director
Department of Environmental Quality

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Steve Milner
DATE: January 10, 2019
RE: Loss Control Report

Since the last Board Meeting, loss control services for the Tort Claims Board include:

- 21 State Property/Leased Property Inspections
 - 1 Floor Monitor Training Class
 - 3 Ride-A-Longs
 - 2 Defensive Driving Classes
 - 1 Risk Management Consultation



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
STEPHEN C. EDDS, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
MARSHALL L. FISHER, Commissioner
Department of Public Safety
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
LAURA D. JACKSON, Executive Director
Department of Finance and Administration
GARY RIKARD, Executive Director
Department of Environmental Quality

MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Lea Ann McElroy
DATE: January 10, 2019
RE: Political Subdivisions – Certificates of Coverage

RECOMMENDATION: Staff recommends approval of 18 political subdivisions shown on attached list.

MISSISSIPPI TORT CLAIMS BOARD

Thursday, January 10, 2019

Political Subdivisions Recommended for Renewal of Certificate of Coverage

Bayside Fire District
Birmingham Ridge Volunteer Fire Department
Issaquena County Board of Supervisors
Issaquena County Soil and Water Conservation District
Lawrence County Board of Supervisors
Lewisburg Volunteer Fire Department
Mid-Mississippi Regional Library System
Neshoba County Board of Supervisors
Pearl River Community College
Rankin County Board of Supervisors
Senatobia Municipal School District
Sharkey County Board of Supervisors
Sharkey County Soil and Water Conservation District
Simpson County School District
Singing River Health System
South Madison County Fire Protection District
South Sunflower County Hospital
Waynesboro City Clerk

Total 18